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CITY OF MORENO VALLEY
MORENO VALLEY, CALIFORNIA

Single Audit Report on Federal Awards

Year ended June 30, 2009

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MORENO VALLEY, CALIFORNIA

Single Audit Report on Federal Awards

Year ended June 30, 2009

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City Council
City of Moreno Valley, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of and for the year ended June 30, 2009, which collectively comprise the City of Moreno Valley's basic financial statements and have issued our report thereon dated December 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Moreno Valley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Moreno Valley's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Moreno Valley's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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City of Moreno Valley, California
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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted other matters involving the internal control over financial reporting which we have communicated to management in a separate letter dated December 23, 2009.

This report is intended solely for the information and use of the City Council and management of the City of Moreno Valley, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayor Hoffman M. L. L.

Irvine, California
December 23, 2009



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City Council
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the City of Moreno Valley, California, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Moreno Valley's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Moreno Valley's management. Our responsibility is to express an opinion on the City of Moreno Valley's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Moreno Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Moreno Valley's compliance with those requirements.

In our opinion, the City of Moreno Valley complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Moreno Valley is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Moreno Valley's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley as of and for the year ended June 30, 2009, and have issued our report thereon dated December 23, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Moreno Valley's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management of the City of Moreno Valley, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayor Hoffman McCann P.C.

Irvine, California
December 23, 2009

City of Moreno Valley
Schedule of Expenditures of Federal Awards
Year ended June 30, 2009

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass- Through Grantor's Number</u>	<u>Federal CFDA Number</u>	<u>Program Expenditures</u>	<u>Amount Provided to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct awards:				
Community Development Block Grant	B-08-MC-06-0567	14.218	\$ 2,042,153 *	271,959
Neighborhood Stabilization Program	B-08 MN-06-0513	14.256	321	-
HOME Investment Partnerships Program	M-08-MC-06-551	14.239	102,397	-
Total U.S. Department of Housing and Urban Development			2,144,871	271,959
<u>U.S. Department of Justice</u>				
Direct awards:				
Edward Byrne Memorial Justice Assistance Grant Program	2006-DJ-BX-0942	16.738	48,409	-
COPS Technology Program	2008-CK-WX0512	16.710	32,706	-
Total U.S. Department of Justice			81,115	-
<u>U.S. Department of Transportation</u>				
Passed through the State of California:				
Department of Transportation				
Highway Planning and Construction	STPL-5441(043)	20.205	1,694,386	-
Passed through the University of California at Berkeley:				
State and Community Highway Safety	SC09272	20.600	130,254	-
Total U.S. Department of Transportation			1,824,640	-
<u>U.S. Department of Health and Human Services</u>				
Passed through the State of California:				
Department of Education				
Child Care and Development Block Grant	CSCC-8220	93.575	41,170	-
Child and Adult Care Food Program	3217-1K	10.558	349,119 *	-
Total U.S. Department of Health and Human Services			390,289	-
<u>U.S. Department of Homeland Security</u>				
Passed through the State of California:				
Emergency Management Performance Grant	2007-EM-E7-0006	97.042	65,948	-
Homeland Security Grant Program (HSGP)	HSGP CERT	97.073	17,175	-
Total U.S. Department of Homeland Security			83,123	-
<u>U.S. Environmental Protection Agency</u>				
Direct awards:				
Congressionally Mandated Projects	XP-96972201-3	66.202	182,166	-
Total U.S. Environmental Protection Agency			182,166	-
Total Federal Expenditures			\$ 4,706,204	271,959

* - Major Program

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF MORENO VALLEY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Moreno Valley, California (City) that are reimbursable under federal programs providing financial assistance. For purposes of this schedule, financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from non-federal organizations. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum reimbursement authorized or the portion of program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

The City of Moreno Valley incurred \$271,959 of Community Development Block Grant expenditures that were paid to subrecipients.

CITY OF MORENO VALLEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2009

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weaknesses in internal control over financial reporting based upon our audit of the financial statements of the auditee.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses in internal control over major programs of the auditee.
5. An unqualified report was issued by the auditors on compliance for major programs.
6. The audit disclosed no audit findings required to be reported under paragraph .510(a) of OMB Circular A-133.
7. The two major programs of the auditee were the following:
 - 1) Community Development Block Grant, direct award from the U.S. Department of Housing and Urban Development, CFDA #14.218.
 - 2) Child and Adult Care Food Program passed through from the U.S. Department of Health and Human Services, CFDA #10.558.
8. The dollar threshold used to distinguish Type A and Type B programs was \$300,000.
9. The auditee met the criteria to be classified as a low risk auditee, as defined by OMB Circular A-133, paragraph .530 for the purposes of determining major programs.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) at OMB Circular A-133

There are no auditors' findings to be reported in accordance with paragraph .510(a) at OMB Circular A-133.

CITY OF MORENO VALLEY
Summary Schedule of Prior Audit Findings
Year ended June 30, 2009

There were no prior year auditors' findings to be reported in accordance with paragraph .510(a) at OMB Circular A-133.